To: Keith
From: Kelly Kelly
Re: Strategy coordination related to price increase testing
Date: December 19, 1990 (Distributed January 11, 1991)
Cc: Howard, Richard N., Peter, Christine, Bulletin Board

I have attached the note I passed around at this morning's meeting. As I indicated in the meeting, you will be responsible for coordinating all of the staff efforts relating to testing and implementing the price increase of the magazine. This assignment will last until we have notified readers of the price increase decision in the magazine and handled any response to that notice. This is an important assignment, for it is the first significant test of whether we can do the hard work of planning and implementation.

Please supplement and organize the list of what needs to be done, with suggested dates and participants for doing coordination of all the aspects involved. You and I should then agree on the various pieces of the whole effort, and you should go ahead and get the work done.

If, in your work, you find any other items that need coordination of this kind, please let me know. Also keep in mind the bigger picture of our effort to reach more people and to increase revenues. Implementation of any such plan would require planning and coordination similar to that involved here.

By way of deadline, I want all these issues figured out, with plans in writing, in time for my approval ahead of the time the second effort to the Summer 1991 expire pool is ready to be printed. I suggest February 15. Items need not necessarily be in finished form, but the sense of the content of each piece should be thought through and checked for its fit with the overall plan. Some items will necessarily have to be ready sooner, such as how we handle the WELL and in-coming phone calls and mail.

Your time on this effort should be charged to WER--Publishing--Payroll.

Thanks.

To: Kelly, Keith, Richard N., Kurt
From: Peter
Date: December 19, 1990
Subject: Price testing of Summer 91 expires

For your information: we have found a problem with the pulling of the Summer '91 expires and here's how we're dealing with it. Due to incongruent logic of the labelling of expire pools by MacSub, and due to the starting of a new renewal series on MacSub before it's time, the Summer '91 expires already had gotten mailed a renewal effort in advance of this early effort. The effort they erroneously received is our standard second effort (at $20); this effort mailed in early December.

So, what this means is that our test results for the Summer '91 expires, particularly the early efforts, stand to be affected to an unmeasurable degree. So, we have two options: 1) Postpone the test to begin with Fall 1,991 expires, or 2) go forward and conduct the test, looking at results knowing that they're somewhat skewed.

Clearly, neither solution is optimal; at this point we have to work best with what we got. We should go ahead and conduct the test; given our timing. We will need to remember this information when we look at our results. It will also mean we'll need to pay more attention to the Fall '91 expire test, particularly earlier efforts.

Kurt is proceeding with the selection of the price test. If there's is a significantly strong enough feeling to override this decision and put off the test for another expire, let Kurt know ASAP.

To: KAJ,HLR, RN, PK, CG
From: KT
Re: Testing *WER* sub price increase
Date: December 19, 1990

There are many unknowns in testing a price increase for *Whole Earth Review*. Each of them involves some risk. The major unknown is what the reactions of our readers will be; I see that as the major risk and one significant enough that it could prove worse than not raising the price at all or raising the price without testing. Other unknowns are the steps we are going to take (specifically: what we communicate to our readers and when). There are risks to these, but we can plan ahead and coordinate our efforts and remove these as unknowns; where there are two or more possible actions, we can develop contingency plans. I certainly don't intend, while trying to introduce new methods here at Point, to destroy the very credibility and openness of Point that brought me here. One of the new methods we're using is to test a new price but a more important one is to plan ahead and work together as a team in a coordinated fashion.

Business strategy concerns about testing the price increase.

We need to address the following questions. We need to add those that I have omitted and get input from others.

Who needs to be involved to be sure that we consider all the aspects of the price increase test?

What schedule makes sense for deciding the new price and for announcing it in the magazine? How long can we go without being absolutely clear and honest? Where are trade-offs in desired objectives to be faced and made?

When do we have enough info to decide the new price?

What do we say in the magazine? We need to keep ahead of our readers on this. Issues for Spring 91, Summer, and Fall, at least, need to be considered.

What contingency plans do we need? At what points might they be needed and when could they be implemented?

How does this affect our budgeting and cash flow?

To: Kelly T.
cc: KO, RN, HR, KG, KJ, JE, Bulletin board
From Peter K.
Date: November 28, 1990
Subject: Price increase testing

The following is a summary of what was decided at today's meeting regarding price testing in our renewal series. We decided that a renewal price increase is necessary for the sustenance and survival of *Whole Earth Review*. We decided to test the next available expire group (Summer '91) to determine which price ($24, $27 or $30) to raise our renewal rate to.

Beginning with the Summer 1991 expires, we will have MacSub split the expire pool into three equal, random parts. One group will be promoted with a price of $24, the second at $27, and the third at $30. The only difference in the individual test efforts will be the dollar figures. For the first ("early renewal") effort, the price offer for the three groups is as follows: $21, $24, and $27. There will be no part of this expire group receiving the current offer of $20 (as was originally planned).

Although it was not clearly stated, this 3-panel price test should be implemented through all seven efforts. We should continue the test with the Fall 91 expire group, to strengthen the results we'll be reading.

Timing-wise, the efforts mail as follows:

Effort	Summer '91	Fall '91
1	Jan 1, '91	Apr 1, '91
2	Mar 1, '91	Jun 1, '91
3	Apr 1, '91	Jul 1, '91
4	May 1, '91	Aug 1, '91
5	Jun 1, '91	Sep 1, '91
6	Jul 1, '91	Oct 1, '91
7	Aug 1, '91	Nov 1, '91

Ideally, we would have response from seven full efforts of least one expire group before making a decision to raise the price for future expire pools. The soonest expire pool that we would want to raise the price with would be the Winter '91 (whose first effort gets pulled in June of '91), but Spring '92 (first effort pulled in Sept. '91) would be a much safer bet.

In the interest of producing clean test results, my understanding was that we would only say in the magazine that "we are raising our renewal price" due to rising printing and postage costs, etc., but that we wouldn't spell out the three different prices at this point. Once the test is complete, it's assumed that we

would spell out the testing procedure and the results. If we test both expire groups, we shouldn't do this explanation until November '91 (after all efforts are mailed), which would be the Winter '91 issue.

Our subscription price for new orders would not be changed by the above price test, so it would remain at $20 on all cards, etc. The cards would clearly state that this offer was for new subscribers only.

Please feel free to ask any questions and let me know ASAP if there is a decision that would alter the above plan.

1:00 weds

To: Peter
From: Kelly
Re: DECISIONS: RAISING THE SUBSCRIPTION RENEWAL PRICE; TESTING THE PRICE INCREASE
Date: Nov. 26, 1990
Cc: HLR, RN, KO, KAJ, Everyone via non-virtual bulletin board

I have spoken with a few people about going ahead with a price increase on the magazine. The following are some of the questions that have come up. They involve generally (a) a price increase; (b) the renewal series that goes with it; and (c) the test element. Everyone seems very supportive of making a well-thought-through decision and monitoring the results for future use.

THE OVERALL PLAN
Setting the price of the magazine raises questions about our entire circulation effort, such as: What is the overall plan? When can we realistically have an overall plan? What are the key elements of our circulation activity?

THE PRICE INCREASE
What is our objective in raising the price? What do we expect to get out of the price increase? (Renewal %, renewal $, # of subscribers) After 1 year, if we did nothing else different except change the price, what number of subscribers would we have?

What is the proposed renewal price? Why? What is the "introductory sub" price? What is the pricing strategy from the perspective of introductory price vs renewal price?

What is the newsstand price? What is the strategy of newsstand vs. introductory price?

THE RENEWAL EFFORT
What does the effort itself say? What's the progression from the first effort through the seventh? What is the tie-in to a wrapper on a subscriber's expiring issue? What does the renewal copy say about what kind of place Whole Earth is (in our eyes; in our readers' eyes)?

THE TEST ITSELF
How does the test work? What do we measure, what are the units of measure, when might we have enough info to make a decision? What

leads to a go decision; to a no-go decision; what's a gray area? If, at time X down the road, you recommend sticking with the price increase, when is that likely to happen, and what is the argument for doing so likely to look like?
What do we do if, at time X, or time Y, we decide not to raise the price of the mag? Do we get egg on our face? Do we admit it to our readers?

OTHER CIRC EFFORTS
Since results won't be in for many months, what do we do at the next First Effort (the one for Fall '91 expiration pool mailed to in March)? Is there any impact on gift subs? on institutional price?

IN THE MAGAZINE
What are the possibilities about what we say in the mag, and when, about (a) the price increase; (b) the results of the test; (c) what we learned; (d) what decisions it helped us with. If we get letters from subscribers who complain, what action do we take? If we mention the price increase in the mag during the X-month test period, does that nullify the results of the test?

OTHER
What does this do to the Supporting Subscriber program (not part of the circ department, but does raise questions of price for first class, for air, etc.)?

It does mean a $50 level, instead of giving us a $22 gift, gives us an $18 (or less if postage goes up) gift. Does $50 still make sense as the minimum level?
What are our foreign, air prices?

Inst. Subs?
Postal rate increase
Do mags of our size do such tests? Need we?

Peter,

Reading through your first renewal series letter caused me to wonder what it would be like if the good news/bad news format was omitted. Since it forms the skeleton of the letter, it seemed easier to leave you with the following revision. See if any of it is useful to you.

I've been seeing the good news/bad news angle used a lot lately — in other direct mail efforts, in newspaper stories, and maybe I have some mental confusion with good cop/bad cop. Anyway, it feels to me like it's been done to death by others; hence this version:

Dear Subscriber,

Your subscription still has two issues remaining, but if you renew now you can save yourself three dollars — good news for your pocketbook, and for all the trees that won't get pulped to become subsequent renewal letters.

To make sure that *Whole Earth Review* remains a viable and sustainable business, we are increasing the price of subscriptions, the first price increase in over three years. Here are some reasons: paper and printing cost increases, a 25% postage rate increase in 1991 and the impostiton of (gasp!) sales tax on some of our subscriptions. We also believe we can give you a better magazine if we run our business responsibly by covering all of our costs.

All the more reason to take advantage of this early renewal offer. Act now and pay only $21, or wait till later and pay $24. This offer won't be repeated.

People like you make our magazine, because we rely on subscription revenues, not advertising, to make our business go. Where else can you find the range of articles and unbiased reviews each issue of *Whole Earth Review* brings you — all free of the distraction and manipulation of display advertising?

So take advantage of this one-time offer and save. Just send back the enclosed renewal form with your payment and keep *Whole Earth Review* coming your way for another year.

Sincerely, —RN